

**REPORT OF THE AUDIT OF THE  
CAMPBELL COUNTY  
CLERK**

**For The Year Ended  
December 31, 2005**

**ROSS & COMPANY, PLLC  
Certified Public Accountants**

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The Honorable Steven Pendery, Campbell County Judge/Executive  
Honorable Jack Snodgrass, Campbell County Clerk  
Members of the Campbell County Fiscal Court

Independent Auditor's Report

We have audited the accompanying statement of revenues and expenditures - regulatory basis of the County Clerk of Campbell County, Kentucky, and the statement of revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer - regulatory basis for the year ended December 31, 2005. These financial statements are the responsibility of the County Clerk. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, the County Clerk prepares the financial statements on a regulatory basis of accounting that demonstrates compliance with the laws of Kentucky, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

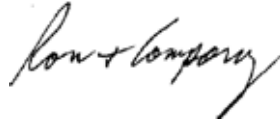
In our opinion, the accompanying financial statements referred to above presents fairly, in all material respects, the revenues, expenditures, and fund balances of the County Clerk's operating fund and county fund with the State Treasurer for the year ended December 31, 2005, in conformity with the regulatory basis of accounting described in note 1.

In accordance with Government Auditing Standards, we have also issued our report dated June 30, 2006, on our consideration of the County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Honorable Steven Pendery, Campbell County Judge/Executive  
Honorable Jack Snodgrass, Campbell County Clerk  
Members of the Campbell County Fiscal Court

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Campbell County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company".

Ross & Company, PLLC

Audit fieldwork completed -  
June 30, 2006

CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS

For The Year Ended December 31, 2005

Revenues

State Fees For Services \$ 35,995

Fiscal Court 126,026

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers \$ 1,547,039

Usage Tax 7,405,732

Tangible Personal Property Tax 6,802,658

Other-

Marriage 23,798

Deed Transfer Tax 332,406

Delinquent Taxes 731,667 16,843,300

Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts \$ 40,832

Real Estate Mortgages 82,248

Chattel Mortgages and Financing Statements 159,660

Notaries 21,248

Leases 245

Powers of Attorney 2,857

All Other Recordings 258,099

Charges for Other Services-

Copywork 70,446

Duplicates 13,299

Bail Bonds 756

Lien Fees 13,094

Postage 41,850

Miscellaneous 23,556

Other Fees for Services 31,667 759,857

Other-

Refunds \$ 103,628

Restitution 642 104,270

Interest Earned 4,058

Total Revenues \$ 17,873,506

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
 STATEMENT OF REVENUES AND EXPENDITURES - REGULATORY BASIS  
 For The Year Ended December 31, 2005  
 (Continued)

Expenditures

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 1,171,468

Usage Tax 7,182,842

Tangible Personal Property Tax 1,984,890

Licenses, Taxes, and Fees-

Delinquent Tax 108,931

Legal Process Tax 66,678

Miscellaneous 2,665 \$ 10,517,474

Payments to Fiscal Court:

Tangible Personal Property Tax \$ 535,028

Delinquent Tax 83,987

Deed Transfer Tax 315,785 934,800

Payments to Other Districts:

Tangible Personal Property Tax \$ 4,076,829

Delinquent Tax 365,944 4,442,773

Payments to Sheriff

4,484

Payments to County Attorney

107,672

Refunds

121,531

Payroll Reimbursements

77,433

Total Allowable Expenditures

\$ 16,206,167

Net Revenues

\$ 1,667,339

Payments to State Treasurer:

75% Operating Fund \$ 1,278,503

25% County Fund 388,836 1,667,339

Balance Due at Completion of Audit

-

The accompanying notes are an integral part of the financial statements.



CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND  
AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS

For The Year Ended December 31, 2005

	75% Operating Fund	25% County Fund	Totals
Fund Balance - January 1, 2005	\$ 143,759	\$	\$ 143,759
<u>Revenues</u>			
Fees Paid to State - Operating Funds (75%)	1,278,503		1,278,503
Fees Paid to State - County Funds (25%)		388,836	388,836
Total Funds Available	<u>\$ 1,422,262</u>	<u>\$ 388,836</u>	<u>\$ 1,811,098</u>
<u>Expenditures</u>			
Campbell County Fiscal Court	\$ -	\$ 388,836	\$ 388,836
Personnel Services-			
Official's Statutory Maximum	86,234		86,234
Official's Training Incentive	3,194		3,194
Official's Expense Allowance	3,600		3,600
Deputies' Salaries	580,098		580,098
Part-Time Salaries	20,837		20,837
Overtime	38,436		38,436
Employee Benefits-			
Employer's Share Social Security	57,111		57,111
Employer's Share Retirement	92,153		92,153
Employer's Paid Health Insurance	115,324		115,324
Other Payroll Disbursements	14,795		14,795
Contracted Services-			
Advertising	6,512		6,512
Printing and Binding	15,816		15,816
Materials and Supplies-			
Office Supplies	30,424		30,424
Directories	765		765

The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
 JACK SNODGRASS, COUNTY CLERK  
 STATEMENT OF REVENUES, EXPENDITURES, AND  
 FUND BALANCES OF THE COUNTY CLERK'S OPERATING FUND  
 AND COUNTY FUND WITH THE STATE TREASURER - REGULATORY BASIS  
 For The Year Ended December 31, 2005  
 (Continued)

Expenditures (Continued)

Other Charges-

Conventions and Travel	\$ 16,587		\$ 16,587
Telephone	1,673		1,673
Postage	18,843		18,843
Delivery	2,556		2,556
Computer Service	63,116		63,116
Copier	252		252
Maintenance	13,189		13,189
Office Insurance	17,905		17,905
Reimbursements	6,119		6,119
Miscellaneous	16,801		16,801
Capital Outlay-			
Office Equipment	750		750
	<hr/>		
Total Expenditures	\$ 1,223,090	\$ 388,836	\$ 1,611,926
	<hr/>		
Fund Balance - December 31, 2005	\$ 199,172	\$ 0	\$ 199,172
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The accompanying notes are an integral part of the financial statements.

CAMPBELL COUNTY  
JACK SNODGRASS, COUNTY CLERK  
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2005

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount due from the County Clerk as determined by the audit.

KRS 64.350 establishes that a fee official in counties with a population over 70,000 has two funds with the State Treasurer for the deposit of fees collected. Seventy-five percent (75%) of the fees collected is deposited in a County Clerk's operating fund and used for office expenses of the fee official. The remaining twenty-five percent (25%) of fees collected is deposited to the county fiscal court fund and paid to the fiscal courts, urban-county governments, or consolidated local governments of the respective counties quarterly no later than April 15, July 15, October 15, and January 15. These funds are closed at the end of each official term by paying the balances to the respective county government.

The financial statements have been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31:

- Interest receivable
- Collection on accounts due from others for 2005 services
- Reimbursements for 2005 activities
- Payments due other governmental entities for December tax and fee collections
- Payroll expenditures incurred but not paid
- Payments due vendors for goods or services provided in 2005

The Attorney General issued a letter which stated that some revenues of the fee official offices could be considered reimbursed expenses. All reimbursed expenses are treated as revenue in the 75 percent fund.

CAMPBELL COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005  
(Continued)

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

Note 2. Employee Retirement System

The county officials and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple-employer defined benefit pension plan that covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members.

Benefit contributions and provisions are established by statute. Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 8.48 percent for the first six months and 10.98 percent for the last six months of the year. Hazardous covered employees are required to contribute 8 percent of their salary to the plan. The county's contribution rate for hazardous employees was 22.08 percent for the first six months and 25.01 percent for the last six months of the year.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Aspects of benefits for hazardous employees include retirement after 20 years of service or age 55.

Historical trend information pertaining to CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report which is a matter of public record. This report may be obtained by writing the Kentucky Retirement System, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

CAMPBELL COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005  
(Continued)

Note 3. Deposits

The County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The County Clerk follows the requirements of KRS 41.240(4) and does not have a deposit policy for custodial risk. As of December 31, 2005, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Grant

The County Clerk received a local records microfilming grant from the Kentucky Department for Libraries and Archives in the amount of \$26,750. The beginning balance was \$27,564. Interest was earned in the amount of \$175. No funds were expended during the year. The grant account balance was \$27,739 as of December 31, 2005.

Note 5. Bond Account

The County Clerk maintains a separate bank account for the receipt and disbursement of mechanic's bonds. The beginning balance was \$2,883. Interest earned was \$10. There was no activity with the mechanic's bonds during the year. The account had a balance of \$2,893 at December 31, 2005.

Note 6. Delinquent Tax Account

The County Clerk maintains an account for delinquent tax refunds and overpayments. The beginning balance was \$10,602. Interest was earned in the amount of \$42. During the year \$3,921 was expended and deposits totaled \$7,646. The delinquent tax account had a balance of \$14,369 at December 31, 2005.

CAMPBELL COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
December 31, 2005  
(Continued)

Note 7. Reimbursed Expenses

The amount deposited to the County Clerk's Operating Fund (75%) with the state treasurer included reimbursed expenses. These reimbursed expenses include payments from the state and county. The following were reimbursed expenses, which are credited 100% to the County Clerk's Operating Fund.

Category	Amount
Payroll Reimbursements	\$ 77,433
100% Fees	111,995
Total Reimbursements	<u>\$ 189,428</u>

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





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Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards

We have audited the financial statements - regulatory basis of the Campbell County Clerk for the year ended December 31, 2005, and have issued our report thereon dated June 30, 2006. The County Clerk's financial statements are prepared in accordance with a basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Campbell County Clerk's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

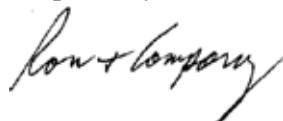
Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Campbell County Clerk's financial statements as of December 31, 2005, are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

This report is intended solely for the information and use of management and the Kentucky Governor's Office for Local Development and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Ross & Company".

Ross & Company, PLLC

Audit fieldwork completed -  
June 30, 2006

